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SUBJECT: MEDIA REACTION: TAIWAN, U.S.-CHINA ECONOMIC RELATIONS, EAST
ASIAN COMMUNITY

Editorial Quotes

11. TAIWAN

"Taiwan suspects U.S. arms sales tricks"

The official Xinhua News Agency international news publication International Herald Leader (Guoji Xianqu Daobao)(11/02)(pg 3): "Hou Xiaohe, an associate professor at China's National Defense University, argued that in order to avoid angering the mainland over arms sales to Taiwan, the United States is likely to discourage Taiwan from buying U.S. arms by increasing its prices. This will allow the U.S. to maintain room for maneuver and avoid violating the so-called 'Taiwan Relations Act.' Several recent events have shown that the U.S. is exercising restraint on arms sales to Taiwan. The U.S. Congress, which is firm about arms sales to Taiwan, has changed Item 1226 in the 2010 National Defense Authorization Act from 'compulsory' to 'advisory.' Without efforts on the part of the Obama administration, the U.S. Congress would not make such a change. Of course, the U.S.'s restraint is also related to pressure from China."

12. U.S.-CHINA ECONOMIC RELATIONS

"'The big exchange': China is opening up its service sector and the U.S. is opening up its investment sector"

The Shanghai-based Shanghai Media Group (SMG) publication, China Business News (Diyi Caijing)(11/02)(pg A15): "It is noticeable that while U.S.-China relations have on the surface entered a peaceful period, there are strong currents underneath. This period is particularly sensitive since both countries are redefining their positions and testing each other's red lines. The opening of the service sector [in China] could give U.S. companies a greater market share and provide more jobs for Americans. Opening up investment in the U.S. could also help Chinese companies increase their foreign investment and transfer low-profit credit investment into high-profit stock investment. The most interesting aspect of the 'big exchange' is that the opening of China's service sector is not only what the U.S. wants but also what China's needs; and the opening of the U.S.'s investment sector is what China wants and also what the U.S. needs."

13. EAST ASIAN COMMUNITY

"The East Asian Community needs to go beyond economic issues"

The Beijing-based newspaper sponsored by official intellectual publication Guangming Daily and Guangdong Provincial official publication Nanfang Daily The Beijing News (Xin Jing Bao)(11/02)(pg B02): "The starting point for the East Asian Community is economic cooperation, but the future focus will be security and political cooperation. East Asian countries face the challenge of how to deal with the U.S., since the U.S. is trying to maintain its supremacy

and prevent the appearance of any single superpower in the region. East Asian countries should find more common ground and effective mechanisms to solve problems, including land and religious disputes. Only when geopolitical issues are solved, cQeconomic cooperation in the region develop further."

HUNTSMAN